

Work Force Restructuring Plan



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U.S. Department of Energy
Albuquerque Operations Office

Air Transportation Services
for
Transportation Safeguards Division

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ATTACHMENTS

Attachment 1 - Initial Notification to Contractor Employees

INTRODUCTION

The Work Force Restructuring Plan for Ross Aviation, Inc. is submitted by the Albuquerque Operations Office (AL) under the requirements of Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 (Public Law 102-484). Ross Aviation, Inc. provides air transportation services in support of the Department of Energy's defense programs requirements under prime contract DE-AC04-89AL52318.

The plan is being developed using the consultation process described in Section 3161 of the National Defense Authorization Act for Fiscal Year 1993 and general guidelines provided by the Headquarters Worker and Community Transition Task Force.

SUMMARY

Since mid 1991, it has been apparent that the funding levels to operate the air transportation service would require a downsizing of the existing work force. Management took the initiative to curtail all but critical hiring, to transfer existing employees to fill critical vacancies and to further reduce the work force through attrition. The Contractor will continue to limit hiring and will use attrition to reduce the work force whenever possible.

Due to the nation's reduced defense requirements, the Department of Energy has reduced its funding of defense programs. Such funding cuts have impacted Ross Aviation, Inc., and in January 1994, DOE and Ross management determined that a restructuring of the work force was necessary. An announcement of the work force restructuring was released to the local news media on March 29, 1994 indicating that the work force would be reduced by approximately twenty-five employees. The Ross employees and local bargaining unit leadership were notified separately. Specific individual notifications will be given at a later date after careful consideration is given to all possible actions to minimize impacts to affected workers. However, no involuntary work force changes will be initiated within 120 days of the release of the public announcement.

As a result of the reduced funding, various services currently provided are being impacted. An effort is under way to identify another airline which would assume the functioning of the Ross terminal at the Albuquerque International Airport. Additionally, activity is underway to transfer to the support services contractor at Los Alamos, the aircraft ground support duties at that location. If such a contract is successfully negotiated, the work force restructuring would include the reduction of the Ross terminal personnel.

It is important that input from area stakeholders be considered in the development of the final work force restructuring plan. An initial meeting of the area stakeholders was held April 13, 1994 with an attendance of 40 people. There was a question and answer period where stakeholders voiced their concerns. Each of the concerns raised during the meeting were addressed. Other written comments (4) were received and appropriate responses fashioned and sent to the individual stakeholder. A written transcript is available at the DOE Public Document Room in the National Atomic Museum on Kirtland Air Force Base or upon request. Written comments and responses are also available upon request. Given the input received from stakeholders, it has been determined that a national stakeholders meeting is not required.

A voluntary separation plan, with an early retirement incentive for employees who meet certain service and age eligibility requirements or enhanced severance pay, is being offered as these programs minimize the impact on affected workers. Extended medical benefits and retraining activities with continuing educational (tuition) assistance are also being considered.

Throughout the work force restructuring process, full compliance will be maintained with applicable Equal Employment Opportunity laws and related DOE directives and the provisions of applicable collective bargaining agreements. Every effort will be made to ensure that any

required involuntary reduction in force will be implemented in a manner consistent with the fair and equal treatment of all employees.

The restructuring plan ensures a continuing competent work force to carry on the mission and aviation services for the Department of Energy. Interested stakeholders will be kept informed during the development of the plan.

OBJECTIVES

The Plan has two basic objectives:

1. The Plan seeks to mitigate the impact on the affected individuals and the community.
2. To assure that the remaining employees constitute a work force with the skills necessary to continue the mission of providing aviation service to the Department of Energy.

VOLUNTARY SEPARATION

To minimize the final number of involuntary reductions that must ultimately occur, a voluntary separation program is being offered. The voluntary separation program consists of an early retirement incentive and enhanced separation payments.

Early Retirement Incentive

All employees who are eligible to receive early retirement benefits under the provisions of the Ross Aviation, Inc., DOE Division Employees Pension Plan as of April 1, 1994, except those with critical skills, will be eligible to apply for the early retirement incentive. To be eligible for early retirement benefits, the employee must be fifty-five years of age and have completed five years of credited service with the Ross Aviation.

Normal retirement age under the current pension plan is 65 years of age with five years of service. The early retirement incentive provides that employees eligible for early retirement would receive a retirement benefit calculated without application of the actuarial reduction due to age. For example: If an employee age 57, chooses this option, their benefit would be calculated as though they were sixty-five years of age.

The age and service matrix, shows a total work force of 143 employees. Twenty-seven employees meet the age and service eligibility requirements for early retirement. Of the twenty-seven employees, twenty three have been identified as being eligible for the early retirement

Ross Aviation, Inc. D.O.E. Division Age and Years of Services as of April 1, 1994

Age	Years of Service					Total
	0-4	5-9	10-14	15-19	20-24	
24 & Under	01	00	00	00	00	01
25-34	07	14	03	01	00	25
35-39	00	12	09	00	00	21
40-44	02	07	02	03	00	14
45-49	05	11	07	04	05	32
50-54	02	09	04	04	04	23
55-59	02	05	02	06	02	17
60-64	02	02	01	03	02	10
65 & Older	00	00	00	00	00	00
Total						143

incentive. Each of the twenty three eligible employees will be offered the early retirement incentive. It is estimated that as many as twelve employees (60% of those eligible) would accept the incentive and voluntarily retire early. Of those twelve employees, ten hold positions that are directly affected by the reduction in force. Based upon the estimate of twelve employees accepting the early retirement incentive, the cost of the incentive would be \$221,986. *Those employees accepting the early retirement incentive will not be entitled to receive the enhanced separation payment which is described below.* The offer of the early retirement incentive will be made to the eligible employees not later than May 9, 1994. The retirement of those accepting the incentive is to be effective July 1, 1994.

Currently, there are no retiree health benefits available to retiring Ross Aviation employees. Displaced worker health benefits is an additional benefit being provided to early retirees as they currently may not have coverage elsewhere. The employee assistance program and outplacement assistance are also available to these employees. Education assistance is not available to these employees. Each of these benefits is discussed later in this plan.

Enhanced Separation Payment

Below, is a listing of job classifications that may be impacted by the changing mission and subsequent reductions. Voluntary and involuntary reductions in force will come from these job classifications.

<u>Hourly Classification</u>	<u>Salaried Classification</u>
Dispatcher	Chief Dispatcher
Entry Controller	Director, Quality Control
Flight Attendant	Maintenance Records Clerk
Freight Handler	Operations Security Manager
Ground Equipment Mechanic	Safety Training Officer
Inspector	Senior Buyer
Mechanic Helper	
Supply Technician	
Technical Librarian	
Terminal Clerk	
Terminal Clerk Supervisor	

There are no age or service requirements for participation in the voluntary separation program. The enhanced separation payment is calculated at the employee's current base rate of pay in accordance with their length of service with the Ross Aviation. The enhanced separation schedule is shown below. The estimated cost of the enhanced separation pay component of the voluntary separation program is \$70,861.

Written requests from employees for voluntary separation with enhanced separation pay will be accepted beginning June 7, 1994 through July 6, 1994. Once a formal written request for voluntary separation is submitted and approved, the requesting employee will be terminated not later than July 22, 1994.

The key consideration in granting an enhanced separation pay request is that it would eliminate the need to impose an involuntary reduction in force on another employee whose job has been identified as impacted by budget reductions. There will be no advantage to the timing of submission of requests. In the event there are more requests than can be honored, applications will be approved based on Ross Aviation service for salaried personnel and seniority standing for hourly personnel.

Benefits such as, displaced worker health benefits, educational assistance, and participation in the employee assistance program will be available to eligible employees approved for the voluntary separation program. *These employees will not be entitled to the early retirement incentive benefits described above.*

ENHANCED SEPARATION PAYMENT SCHEDULE

<u>Length of Service</u>	<u>SALARIED Percent of Monthly Base Salary</u>	<u>HOURLY HoursTimes Base Rate</u>
Less than 1 year	None	None
1 year up to 3 years	50%	86 hrs.
3 years up to 4 years	75%	129 hrs.
4 years up to 5 years	100%	173 hrs.
5 years up to 6 years	125%	216 hrs.
6 years up to 7 years	150%	259 hrs.
7 years up to 8 years	175%	302 hrs.
8 years up to 9 years	200%	346 hrs.
9 years up to 10 years	225%	389 hrs.
10 years up to 11 years	250%	432 hrs.
11 years up to 12 years	285%	493 hrs.
12 years up to 13 years	320%	553 hrs.
13 years up to 14 years	355%	614 hrs.
14 years up to 15 years	390%	674 hrs.
15 years up to 16 years	425%	735 hrs.
16 years up to 17 years	460%	795 hrs.
17 years up to 18 years	495%	856 hrs.
18 years up to 19 years	530%	916 hrs.
19 years up to 20 years	565%	977 hrs.
20 years up to 25 years	600%	1038 hrs.

INVOLUNTARY SEPARATION

The voluntary separation program will be followed by an involuntary reduction in force, if necessary, to meet the required reductions. The involuntary reduction in force will begin no earlier than July 13, 1994 and will be conducted in accordance with the provisions of the appropriate collective bargaining agreements for represented employees and company policy of two weeks notice or two weeks pay in lieu of notice for non-represented and salaried employees.

Provisions of the Worker Adjustment and Retraining Notification Act (WARN), indicate that a mass layoff must affect 33% of the active employees or at least fifty employees in order to be eligible for sixty days notice or pay in lieu of notice. The Ross Aviation layoff involves neither 33% of the total work force nor as many as fifty employees. Therefore, there is no requirement or provision for sixty days notice pay. However, consideration will be given to provide 60 days notice to employees who are in positions that pose no harm to the DOE mission.

The job classification listing previously discussed shows general categories of classifications that may be affected by a work force restructuring action. A detailed listing of classifications and number of impacted employees within each classification will be provided after the effects of the voluntary separation program have been evaluated.

Employees who are involuntarily separated will receive at least two weeks notice or pay in lieu of notice, displaced worker health benefits, educational assistance, outplacement assistance and will be able to participate in the employee assistance program. Each of these benefits are discussed later in this plan.

BENEFITS CONTINUATION, RETRAINING, OUTPLACEMENT, AND RELOCATION

Medical Insurance Benefits

In accordance with the guidance in the Report of the Secretary of Energy on Displaced Worker Health Benefits and Monitoring (August 1992), extended medical insurance benefits will be provided to qualifying employees separated voluntarily or involuntarily. These benefits will be provided for up to three years from the date of separation if the employee is on the employment rolls as of September 27, 1991, is covered under the Contractor's Plan at the time of separation from employment and is not eligible for coverage under another employer-sponsored group health plan or under Medicare since the date of separation.

The extended medical benefits will be provided at the same level as is in effect for active employees. The premium contribution rate for qualified separated employees will be at the same rate as active employees during the first year from date of separation. During the second year, for continued participation in the program, the separated employee will have to contribute half of the premium cost. Continuation of benefits will be provided during the third year at full cost to the separated employee.

Educational Assistance

The Plan proposes that supplemental training programs, including outside training and tuition assistance (up to \$2,500 per individual per year), be provided to employees who separate under the enhanced separation payment program and to employees who are involuntarily separated for up to two years from the date of separation to provide retraining and prepare them for other employment opportunities. Also, local, state and other federal agencies will be contacted to seek other educational assistance opportunities for these employees.

Employee Assistance Program

Employees who separate voluntarily or involuntarily will be eligible to utilize the Employee Assistance Program on the same basis as active employees for up to two years from the date of separation.

Outplacement Assistance

Arrangements will be made with Corporate Health Resources for experienced counselors to conduct a Displacement Workshop for all employees who are separating from the Company. This workshop will include an assessment process for career transition and career planning process which will cover such topics as:

Job Search Techniques. This will cover such things as job search preparation, the job search itself and accepting the right job.

Resume Writing. Resume formats, styles, objectives and contents will be reviewed.

Interviewing Techniques. Attendees will receive information on how to dress for an interview, behaviors during the interview, questions to expect and how to respond.

All separating employees will be invited to attend this meeting, and arrangements can be made for subsequent one-on-one counseling sessions.

The cost for this workshop is estimated to be \$750.

Relocation Assistance

Relocation assistance up to \$5,000 is available to displaced employees if hired at another Department of Energy site. This amount is available if the new employer does not offer any relocation assistance. The actual relocation must begin within one year of separation. A total of \$25,000 is being requested to support this initiative.

COST INFORMATION

	<u>Voluntary Hourly</u>	<u>Voluntary Salaried</u>	<u>Voluntary Combined</u>
Number of Employees (based on estimated participation rate)	20	4	24
Early Retirement Incentive	139,202	82,784	221,986
Enhanced Separation Pay	70,861	--	70,861
Displaced Worker Health Benefits	51,291	11,459	62,750
Tax Deferral (401K) Plan	1,368	--	1,368
FICA	5,421	--	5,421
Educational Assistance	22,500	--	22,500
Outplacement Assistance	625	125	750
Employee Assistance Program	380	80	460
Total Contract Year 1994	291,648	94,448	386,096
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<u>Contract Year 1995</u>			
Educational Assistance	17,500	--	17,500
Relocation Assistance	25,000	--	25,000
Displaced Worker Health Benefits	59,790	13,694	73,484
Employee Assistance Program	570	120	690
Total Contract Year 1995	77,860	13,814	116,674
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<u>Contract Year 1996</u>			
Displaced Worker Health Benefits	17,762	4,098	21,860
Employee Assistance Program	190	40	230
Total Contract Year 1996	17,952	4,138	22,090

SUMMARY OF COST ESTIMATES

	<u>CY 1994</u>	<u>CY 1995</u>	<u>CY 1996</u>	<u>Total</u>
Early Retirement Incentive	221,986	0	0	221,986
Enhanced Separation Pay	70,861	0	0	70,861
Tax Deferral (401K) Plan	1,368	0	0	1,368
FICA	5,421	0	0	5,421
Displaced Worker Health Benefits	62,750	73,484	21,860	158,094
Educational Assistance	22,500	17,500	0	40,000
Outplacement Assistance	750	0	0	750
Employee Assistance Program	460	690	230	1,380
Relocation Assistance	0	25,000	0	25,000
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Total	\$386,096	\$116,674	\$22,090	\$524,860

CONCLUSION

The Plan includes the objectives and programs deemed appropriate for the effective implementation of Section 3161 in the work force restructuring for Ross Aviation, Inc. This plan will be updated annually or more frequently if significant work force changes dictate. This plan is responsive to 1994 and beyond with the flexibility to continue as a working document, accommodating future improvements and modifications.

